MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2015/2016

UIB2612 – ISLAMIC BANKING AND FINANCE LAW

(All Sections / Groups)

11 MARCH 2016
Reading Time : 3.00 p.m. – 3.15 p.m.
(15 Minutes)
Answering Time: 3.15 p.m. – 6.15 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENT

1. Students will have **fifteen minutes** during which they may read the paper and make rough notes ONLY in their question paper. Students then have the remaining **THREE HOURS** in which to answer the questions.

2. This Question paper consists of 2 pages (excluding cover page) with 5 Questions only.

3. Attempt **FOUR** out of FIVE questions. All questions carry equal marks and the distribution of the marks for each question is given.

4. Students are allowed to bring into Examination Hall CLEAN and ORIGINAL copy of:
   i. Islamic Financial Services Act 2013 (Act 759) ; and
   ii. Central Bank of Malaysia Act 2009

5. Please write all your answers in the Answer Booklet provided.

QUESTION 1

"Islamic Finance is as old as the religion itself with its principles primarily derived from the Quran which already being practised long time ago"

Discuss in detail the origin and the development of Islamic Banking according to the Era.

(25 marks)

QUESTION 2

Before the arrival of the Islamic Banking System, the bank system were all based on interest, whereas it is clear that this practice is against the *Shariah* principles and rulings.

Explain in detail the meaning of *Riba*, its types and features, as well as its prohibition according to the stages.

(25 marks)

QUESTION 3

The development of the Takaful Industry in Malaysia in the early 1980s was inspired by the prevailing needs of the Muslim public for a *Shariah*-compliant alternative to conventional insurance, as well as to complement the operation of the Islamic bank that was established in 1983.

a. Explain the needs of implementing the *Takaful* to replace the Conventional Insurance, and elaborate how it operates.

(13 marks)

b. Discuss the following concepts of *Takaful:*

i) *Takaful*

ii) *Tabarru'*

iii) *Mudharabah*

(12 marks)

(Total: 25 marks)

...continued

QUESTION 4

The Shariah Advisory Council on Islamic Finance shall be established by the Central Bank of Malaysia by virtue of section 51 of the Central Bank Act and the Council shall be the authority for the ascertainment of Islamic law for the purposes of Islamic financial business.

a) In the light of the above statement and by reference to the relevant cases, discuss in detail the functions of the Shariah Advisory Council as provided in the Central Bank Act 2009, and the requirement for reference to this council for ruling from court in Islamic Banking cases.

(20 marks)

b) The Islamic Financial Services Act 2013 provides the criteria and standard of requirement in relation to the appointment of Shariah Advisory Committee at the Islamic Banks level. Explain by referring to the relevant sections.

(5 marks)

(Total: 25 marks)

QUESTION 5

One of the most practical mode of Islamic financing is *Musharakah*, where it is based on partnership by way of profit and loss sharing, as oppose to debt- based form of financing.

a) Discuss in detail the concept of partnership (*Musharakah*) in Islam including its nature, pillars and conditions.

(18 marks)

b) Explain the application of *Musharakah Mutanaqisah* in Islamic Banking practices.

(7 marks)

(Total: 25 marks)

End of Page